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Sidecar Uber Alice:

The Future of Patents for Mobile Apps

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*1. A method for reserving parking spaces in a private multi-dwelling complex comprising:
a parking space located within the private multi-dwelling complex owned by a first resident, wherein the first resident registers the parking space for temporary use by other residents living in the private multi-dwelling complex, using a parking reservation system; and
a second resident reserving the parking space for use during a predetermined temporary length of time, wherein the second resident accesses the parking reservation system to select and reserve the parking space for use during the predetermined length of time.*

Thin? This is actually Claim #1 of Parking Panda's™ 2012 Patent re: Mobile App "System and method for reserving a parking space in a dwelling complex." [1]

Surely a §101 “abstract idea” rejection must be forthcoming? Not likely. Consider Sunil Paul’s 2002-issued patent for Sidecar™, an ideological predecessor to Uber™:

1. A computer-implemented method for determining an efficient transportation route comprising: compiling travel data over one or more travel segments, said travel data transmitted from one or more transportation vehicles traveling over said travel segments; receiving positional data associated with a transportation request, said positional data including an origin and a destination; and providing a driver of a vehicle with a first efficient route from said origin to said destination using said travel data, said first efficient route including one or more of said travel segments, wherein said destination is a pickup point of a passenger submitting a transportation request and said origin is a current position of said vehicle. [2]

Mr. Paul’s peer-to-peer rideshare patent has remained valid for 13 years, only now eligible for potential challenges from competition like Uber under cases like *Alice v. CLS Bank* [3]. But Uber itself has filed more than a dozen patent applications since 2010, including one covering surge pricing.

So can Uber patent the invisible hand [4] as a mobile app? If the process yields a “useful, concrete and tangible result,” [5] then probably yes. So long as Uber sticks to its territory and avoids the idea of supply and demand. More importantly for mobile app startups, *Alice* and its progeny will not likely stand in the way.

Last year in *Alice v. CLS Bank*, the Supreme Court addressed the patentability of a computer-implemented process for the first time since it did so in 1981 in *Diamond v. Diehr* [6]. In *Alice*, the [Supreme Court](#) held that a computer implementation of an abstract idea, which is not itself eligible for a patent, does not by itself transform that idea into something that is patent eligible.

The *Alice* Court found that the Alice Corporation’s escrow-holding technique was simply an abstract idea; implementing the idea on a computer was not enough to transform the idea into patentable subject matter. Merely using a computer to do something ordinary is not enough. A company must do more than automate a well-known process using a generic computer to receive a patent.

Federal Circuit Judge [William Curtis Bryson](#) addressed the ineligibility of abstract ideas in *Loyalty Conversion Systems Corp. v. American Airlines Inc.* [7]. Applying *Alice*, Judge Bryson held that neither implementation of Loyalty’s method-steps on a computer nor the patent’s focus on vendor award programs was sufficient to make the claims patent-eligible: “In short, such

patents, although frequently dressed up in the argot of invention, simply describe a problem, announce purely functional steps that purport to solve the problem, and recite standard computer operations to perform some of those steps. The principal flaw in these patents is that they do not contain an “inventive concept” that solves practical problems . . . *See CLS Bank, 134 S. Ct. at 2355, 2357; Mayo, 132 S. Ct. at 1294.* . . . It is for those reasons that the Supreme Court has characterized such patents as claiming “abstract ideas” and has held that they are not directed to patentable subject matter.” [8]

While not highlighted in Judge Bryson’s opinion, it should be noted that the abstract idea in question involved a financial instrument. The patent invalidated was, *inter alia*, Loyalty Conversion Systems Corporation’s U.S. Patent No. 8,313,023, “Exchange of Nonnegotiable Credits of an Entity’s Rewards Program for Entity Independent Funds.”

While ‘023 was not categorized as a Class 705 business method, but rather as a 235/380 “credit or identification card system,” the method involved transfer of non-negotiable credits. Specifically, it covered the buying and selling of customer reward points. In addition, Judge Bryson only addressed the matter after the PTAB granted the matter a “Covered Business Method Review.”

Since *Alice*, a large number of computer-implemented claims

have been invalidated under §101. USPTO Class 705 business methods, usually procedures for trading financial derivatives [9] and methods for tracking hedge funds [10], have fallen most.

Despite the Court's failure to directly address software in *Alice*, it has had a dramatic effect on the validity of software patents and business-method patents. The PTO has issued fewer than half the number of business-method patents after *Alice* than it had issued per month during the same time period prior to *Alice*. [11] Over this time, however, the issuance of other types of software patents rose. [12]

But do Mobile Apps do more than use a computer to implement an abstract idea? As yet, Mobile Apps have not sufficiently been tested by the Federal Circuit *visa vis* subject-matter eligibility. But given how the Federal Circuit has thus far applied *Alice*, the future for mobile apps looks good.

Two disparate Federal Circuit cases may offer the mobile app entrepreneur some guidance: *Intellectual Ventures I LLC v. Capital One Bank IV* and *DDR Holdings, LLC v. Hotels.com*.

In *Intellectual Ventures I LLC v. Capital One Bank IV* [13], the Federal Circuit invalidated an abstract computer-implemented process for budgeting. Further adding to the abstraction, the claim at issue did not actually require a computer.

5. A method comprising: storing, in a database, a profile keyed to a user identity and containing one or more user-selected categories to track transactions associated with said user identity, wherein individual user selected categories include a user pre-set limit; and causing communication, over a communication medium and to a receiving device, of transaction summary data in the database for at least one of the one or more user-selected categories, said transaction summary data containing said at least one user-selected category's user pre-set limit. [14]

Even if the '137 claim had required a computer to do the budgeting, the Federal Circuit noted that taking an abstract idea like budgeting and then merely performing it with a computer is insufficient to be an inventive concept.

“Here, the patent claims are directed to an abstract idea: tracking financial transactions to determine whether they exceed a pre-set spending limit (i.e., budgeting). Although Intellectual Ventures argues the claims are not “[d]irected or [d]rawn to an [a]bstract [i]dea,” Appellant’s Br. 30, Intellectual Ventures admits budgeting “undoubtedly . . . is an abstract idea.” Appellant’s Br. 31. And while the claims recite budgeting using a “communication medium” (broadly including the Internet and telephone networks), that limitation does not render the claims any less abstract.” [15]

In stark opposition to *IV v. Cap One*, the Federal Circuit

in *DDR v. Hotels.com* rejected the argument that a computer-implemented claim covered patent-ineligible subject matter. The patent in *Hotels* allowed a website operator to offer an array of “stores” while keeping customers on the same main website:

19. A system useful in an outsource provider serving web pages offering commercial opportunities, the system comprising: (a) a computer store containing data, for each of a plurality of first web pages . . . (i) wherein each of the first web pages belongs to one of a plurality of web page owners; (ii) wherein each of the first web pages displays at least one active link associated with a commerce object associated with a buying opportunity of a selected one of a plurality of merchants; and . . . and (iv) using the data retrieved, automatically generate and transmit to the web browser a second web page that displays: (A) information associated with the commerce object associated with the link that has been activated, and (B) the plurality of visually perceptible elements visually corresponding to the source page. [16]

Following *Alice*, Judge Ray Chen, writing for the majority in *Hotels*, found the ‘399 claim valid: “First, the claim is not directed to an abstract idea. It contains internet-focused subject matter that lacks a non-internet counterpart. In other words, the claim is not directed to a fundamental economic or longstanding business practice. Second, even if the claims are directed to an abstract idea, they don’t preempt that idea: instead, they represent

a “specific way” to solve that idea.” [17]

The key to *DDR v. Hotels.com* may not have been the subject-matter of the claims, but rather that they offered a “technological solution” to a problem. Perhaps the nature of the idea was incidental, so long as it required a “tech solution.”

Unlike tracking a derivative or indexing a hedge fund, DDR’s Claim 19 is a tech solution that has no non-tech counterpart. Worth noting, however, is that the idea behind DDR’s patent was to help a consumer to shop using the internet, not to mimic a well-known financial trading technique using a computer.<p>

MOBILE APP CLAIMS

For a mobile app, the patent is issued for the process, not for the code or for the underlying idea. Code alone is traditionally copyrighted, and ideas are “free as air.” [18]

The USPTO has delineated specific criteria to determine eligibility for a patent. The PTO determines whether an invention uses “methods or processes for producing a useful, concrete, and tangible result not previously patented, published or used.” [19]

Software patents protect the systems, methods and functions within an app, such as user-interface features, editing functions,

compiling techniques, and program language translation methods. These functions go way beyond a “mere abstract idea utilizing a generic computer.”

In this sense, mobile apps should be safe. It is difficult to even conceive of a working mobile app that offers no technological solution. “An app for sharing cars” comes to mind, but Sidecar™ has already cleared this hurdle. [20]

So assuming your app doesn’t already exist and your claims don’t preempt the field beyond your own specific method, your mobile app claims should face no §101 problem. Unless the Federal Circuit somehow determines that mobile apps don’t offer a technological solution to any real problem, patent protection for mobile apps should be strong.

The Gold Rush will press on: Sidecar, Uber, Lyft, RelayRides, ZipCars, Scoot, Parking Panda, Airbnb, Rentoid, DogVacay, Taskrabbit, Snapgoods, Vayable, Elance, Zaarly, P2P Loans, Landshare, Poshmark, Kitchit, YourBaby [PATENT PENDING]. Unless your share-economy peer-to-peer mobile app claims a method for tracking financial derivatives, your claim should stand.

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